



PRESS RELEASE

5N Plus Reports Third Quarter 2022 Financial Results

Montréal, Quebec, November 1, 2022 – 5N Plus Inc. (TSX:VNP) (“5N Plus” or the “Company”), a leading global producer of specialty semiconductors and performance materials, today announced its financial results for the third quarter (“Q3 2022”) ended September 30, 2022. All amounts in this press release are expressed in U.S. dollars unless otherwise stated.

Reaping the benefits of its disciplined and focused commercial excellence strategy, the Company’s key business sectors continued to outperform, boosting Adjusted EBITDA¹ for the quarter despite macro-economic and geopolitical uncertainties. Long-term growth will be supported by the strategic partnerships secured in the renewable energy and space sectors.

Q3 2022 Highlights

- Revenue in Q3 2022 increased by 31%, reaching \$66.4 million, compared to \$50.8 million for the same period last year, supported by higher demand in Specialty Semiconductors, as well as pharmaceutical and health in Performance Materials.
- Adjusted EBITDA in Q3 2022 reached \$9.1 million, compared to \$5.5 million for the same period last year. Adjusted EBITDA increased by \$2.5 million under Specialty Semiconductors and \$1.7 million under Performance Materials, despite the impact of inflation, supported by a favorable product mix.
- The Company recorded an initial non-cash impairment of \$7.1 million on non-current assets in Q3 2022 upon winding down its low-margin lead-based product manufacturing activities in Tilly, Belgium.
- On September 30, 2022, the backlog¹ represented 192 days of annualized revenue, 52 days higher than the previous quarter. The increase in the backlog is attributable to favorable negotiations of long-term contracts under Specialty Semiconductors, confirming the near-term growth potential in renewable energy and space applications.
- Net debt¹ stood at \$83.3 million on September 30, 2022, down from \$89.6 million at the end of last quarter.
- On September 29, 2022, 5N Plus announced it had successfully renewed and increased its multi-year agreement with First Solar for the supply of semiconductor materials associated with the manufacturing of thin-film photovoltaic (PV) modules. It is the largest award to date and expected to increase 5N Plus volumes by 35% in 2023 and by more than 100% in 2024, in line with First Solar’s own growth plans.

Subsequent to quarter end, on October 17, 2022, 5N Plus announced that, through its subsidiary AZUR, it had signed a ten-year exclusive strategic partnership with Sierra Space for the production of a new solar cell, referred to as the MWT, for use in the production of Sierra Space’s unique Space Solar Surface Mount Technology solar array systems. This innovation and agreement come at a time when demand for solar power for space applications is rapidly accelerating and expected to exceed current available capacity. 5N Plus sales to Sierra Space are anticipated to reach \$10 million in 2023 and over \$20 million in 2024, incremental to the current sales of AZUR.

¹ See Non-IFRS Measures

“Our revenue and earnings growth in Q3 2022 are a testament to our ability to execute on our strategy to focus on value-added businesses and client partnerships across both our segments. The acquisition of AZUR has proven to have substantial benefits for the Company and the new agreements with First Solar and Sierra Space further solidify our position as a leading supplier of specialty semiconductors in the renewable energy and solar space sectors, respectively. We remain positive with respect to the sector’s compelling long-term growth and demand outlook and are excited to take full advantage of the opportunities that lay ahead for us,” said Gervais Jacques, President and CEO of 5N Plus.

Outlook

Capitalizing on our segmented approach to commercial partnering and value pricing, 5N Plus believes it is advantageously positioned in fast-growing markets, which are expected to sustain well above double-digit growth rates over the coming years. Specifically, the Company expects high growth in the renewable energy and space sectors, supported by growing demand in both North America and Europe, and in medical imaging applications. Growth in the latter market is supported by technology advancement and medical imaging equipment manufacturers introducing photon counting detectors to replace scintillator technology, allowing significantly lower radiation and improved image enhancing diagnostic accuracy.

As previously disclosed, one of the Company’s key priorities is to ensure the successful integration of AZUR, which is progressing as planned under the supervision of newly appointed Roland Dubois as Executive Vice President, Specialty Semiconductors and CCO.

5N Plus is ideally positioned to not only navigate through the current environment, but also emerge stronger and uniquely positioned in relevant markets with recognized expertise and more competitive than ever.

This press release should be read in conjunction with the Company’s Management’s Discussion & Analysis and Consolidated Financial Statements dated November 1, 2022, available on www.sedar.com and the Company’s website.

Conference Call

5N Plus will host a conference call on Wednesday, November 2, 2022, at 8:00 am Eastern Daylight Time to discuss results of the third quarter ended September 30, 2022. All interested parties are invited to participate in the live broadcast on the Company’s website at www.5nplus.com.

To participate in the conference call:

- Toronto area: 416-764-8659
- Toll-Free: 1-888-664-6392
- Enter access code: 32333692

A replay of the conference call will be available two hours after the event and until November 9, 2022. To access the recording, please dial at 1-888-390-0541 and enter access code 333692.

About 5N Plus Inc.

5N Plus is a leading global producer of specialty semiconductors and performance materials. The Company’s ultra-pure materials often form the core element of its customers’ products. These customers rely on 5N Plus’s products to enable performance and sustainability in their own products. 5N Plus deploys a range of proprietary and proven technologies to develop and manufacture its products. The Company’s products enable various applications in several key industries, including renewable energy, security, space, pharmaceutical, medical imaging and industrial. Headquartered in Montréal, Quebec, 5N Plus operates R&D, manufacturing and commercial centers in strategically located facilities around the world including Europe, North America and Asia.

Forward-Looking Statements

Certain statements in this press release may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of 5N Plus' 2021 MD&A dated February 22, 2022 and note 11 of the unaudited condensed interim consolidated financial statements for the three and nine-month periods ended September 30, 2022 and September 30, 2021 available on www.sedar.com.

The Company is not aware of any significant changes to its risk factors previously disclosed. However, in February 2022, Russian military forces invaded Ukraine; the invasion is being actively resisted by Ukrainian military personnel and the people of Ukraine, and the outcome of the ongoing conflict is uncertain at this time. Although AZUR SPACE Solar Power GmbH ("AZUR"), a subsidiary of the Company, had sales in Russia in the past, the amount of such sales is not material to the Company as a whole. A prolonged armed conflict in Ukraine or an expansion of the armed conflict to other European countries could have a negative impact on the European and global economies. As well, Russia is a major exporter of oil and natural gas. Any disruption of supplies of oil and natural gas from Russia could have a significant adverse effect on the European and world economies. All the foregoing factors could potentially have a negative effect on the Company's sales and results of operations.

Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this press release will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this press release is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

5N PLUS INC.**INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS**

For the three and nine-month periods ended September 30

(in thousands of U.S. dollars, except per share information)

	Three months		Nine months	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue	66,372	50,839	203,181	145,434
Cost of sales	53,410	42,587	167,806	118,124
Selling, general and administrative expenses	6,468	4,729	21,382	14,858
Other expenses (income), net	8,935	1,519	18,828	4,119
	68,813	48,835	208,016	137,101
Operating (loss) earnings	(2,441)	2,004	(4,835)	8,333
Financial expense (income)				
Interest on long-term debt	1,531	663	3,579	1,945
Imputed interest and other interest expense	290	298	897	604
Foreign exchange and derivative (gain) loss	(196)	(130)	539	(662)
	1,625	831	5,015	1,887
(Loss) before income taxes	(4,066)	1,173	(9,850)	6,446
Income tax expense (recovery)				
Current	2,158	1,904	6,822	4,134
Deferred	744	61	(1,819)	182
	2,902	1,965	5,003	4,316
Net (loss) earnings	(6,968)	(792)	(14,853)	2,130
(Loss) earnings per share	(0.08)	(0.01)	(0.17)	0.03
Basic (loss) earnings per share	(0.08)	(0.01)	(0.17)	0.03
Diluted (loss) earnings per share	(0.08)	(0.01)	(0.17)	0.03

Net (loss) earnings are completely attributable to equity holders of 5N Plus Inc.

5N PLUS INC.**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(in thousands of U.S. dollars)**

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Current		
Cash and cash equivalents	40,172	35,940
Accounts receivable	40,240	42,098
Inventories	89,821	95,526
Income tax receivable	5,573	5,054
Other current assets	15,339	16,904
Total current assets	191,145	195,522
Property, plant and equipment	72,874	81,526
Right-of-use assets	29,296	32,198
Intangible assets	31,289	40,474
Goodwill	12,451	13,841
Deferred tax assets	5,483	7,007
Other assets	3,286	3,022
Total non-current assets	154,679	178,068
Total assets	345,824	373,590
Liabilities		
Current		
Trade and accrued liabilities	45,398	56,848
Income tax payable	9,314	5,615
Derivative financial liabilities	-	109
Current portion of lease liabilities	2,247	2,487
Total current liabilities	56,959	65,059
Long-term debt	123,500	116,000
Deferred tax liabilities	7,054	7,645
Employee benefit plan obligations	8,258	17,231
Lease liabilities	27,154	30,153
Other liabilities	3,498	1,255
Total non-current liabilities	169,464	172,284
Total liabilities	226,423	237,343
Equity	119,401	136,247
Total liabilities and equity	345,824	373,590

Non-IFRS Measures

Adjusted EBITDA means Operating earnings (loss) as defined before the effect of impairment of inventories, impairment of non-current assets, share-based compensation expense (recovery), litigation and restructuring costs (income), and loss on disposal of assets held for sale. 5N Plus uses adjusted EBITDA because it believes it is a meaningful measure of the operating performance of its ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

(in thousands of U.S. dollars)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
	\$	\$	\$	\$
Revenues	66,372	50,839	203,181	145,434
Operating expenses	(68,813)	(48,835)	(208,016)	(137,101)
Operating (loss) earnings	(2,441)	2,004	(4,835)	8,333
Impairment of non-current assets	7,092	-	12,478	-
Share-based compensation expense	10	62	1,170	1,149
Litigation and restructuring costs	241	500	613	500
Loss on disposal of assets held for sale	216	-	216	-
Depreciation and amortization	3,996	2,971	13,681	8,171
Adjusted EBITDA	9,114	5,537	23,323	18,153
Adjusted EBITDA margin	13.7%	10.9%	11.5%	12.5%

Backlog represents the expected orders the Company has received, but has not yet executed, and that are expected to translate into sales within the next twelve months, expressed in number of days. Bookings represent orders received during the period considered, expressed in number of days, and calculated by adding revenues to the increase or decrease in backlog for the period considered, divided by annualized year revenues. 5N Plus uses backlog to provide an indication of expected future revenues in days, and bookings to determine its ability to sustain and increase its revenues.

Net debt is calculated as total debt less cash and cash equivalents. Any introduced IFRS 16 reporting measures in reference to lease liabilities are excluded from the calculation. 5N Plus uses this measure as an indicator of its overall financial position.

(in thousands of U.S. dollars)	As at September 30, 2022	As at December 31, 2021
	\$	\$
Bank indebtedness	-	-
Long-term debt including current portion	123,500	116,000
Lease liabilities including current portion	29,401	32,640
Subtotal Debt	152,901	148,640
Lease liabilities including current portion	(29,401)	(32,640)
Total Debt	123,500	116,000
Cash and cash equivalents	(40,172)	(35,940)
Net Debt	83,328	80,060

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